



**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2023**

**Expressed in Canadian Dollars**

**Unaudited**



***NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS***

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the Company's interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by, and are the responsibility of, the Company's management.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

*"Bahman Yamini"*

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**President and Chief Executive Officer**

*"Kerry Spong"*

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**Vice President, Finance & CFO**

*June 22, 2023*

**CANASIL RESOURCES INC.**  
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS**

Expressed in Canadian Dollars

*Unaudited*

	March 31, 2023	December 31, 2022
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 24,757	\$ 54,272
Receivables	4,673	25,585
Prepaid expenses	3,911	20,051
	<u>33,341</u>	<u>99,908</u>
<b>Reclamation bonds</b>	47,000	47,000
<b>Property and equipment</b>	<u>51,366</u>	<u>52,979</u>
	<u>\$ 131,707</u>	<u>\$ 199,887</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 228,263	\$ 169,449
Amounts due to related parties (Note 6)	162,500	110,000
	<u>390,763</u>	<u>279,449</u>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
<b>Share capital</b> (Note 4)	25,601,822	25,601,822
<b>Contributed surplus</b>	6,952,516	6,952,516
<b>Accumulated other comprehensive income</b>	624,830	624,830
<b>Deficit</b>	<u>(33,438,224)</u>	<u>(33,258,730)</u>
	<u>(259,056)</u>	<u>(79,562)</u>
	<u>\$ 131,707</u>	<u>\$ 199,887</u>

**Nature and continuance of operations** (Note 1)

**Subsequent events** (Note 8)

ON BEHALF OF THE BOARD:

"Alvin Jackson", Director

"Michael McInnis", Director

- the accompanying notes are an integral part of these financial statements -

**CANASIL RESOURCES INC.**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES  
IN SHAREHOLDERS' EQUITY (DEFICIENCY)**

Expressed in Canadian Dollars

*Unaudited*

	Number of Shares	Share Capital (Notes 4,5)	Contributed Surplus (Note 5)	Accumulated Other Comprehensive Income	Deficit	Total
<b>Balance – December 31, 2021</b>	131,671,622	\$ 25,321,494	\$ 6,925,297	\$ 624,830	\$ (32,359,182)	\$ 512,439
Exercise of warrants	125,000	15,000	-	-	-	15,000
Share-based compensation	-	-	464	-	-	464
Comprehensive loss for the period	-	-	-	-	(292,364)	(292,364)
<b>Balance – March 31, 2022</b>	131,796,622	25,336,494	6,925,761	624,830	(32,651,546)	235,539
Private placement - units	5,350,991	267,550	26,755	-	-	294,305
Share issuance costs	-	(2,222)	-	-	-	(2,222)
Comprehensive loss for the period	-	-	-	-	(607,184)	(607,184)
<b>Balance – December 31, 2022</b>	137,147,613	25,601,822	6,952,516	624,830	(33,258,730)	(79,562)
Comprehensive loss for the period	-	-	-	-	(179,494)	(179,494)
<b>Balance – March 31, 2023</b>	137,147,613	\$ 25,601,822	\$ 6,952,516	\$ 624,830	\$ (33,438,224)	\$ (259,056)

- the accompanying notes are an integral part of these financial statements -

**CANASIL RESOURCES INC.****CONDENSED INTERIM CONSOLIDATED STATEMENTS  
OF LOSS AND COMPREHENSIVE LOSS  
FOR THE THREE MONTHS ENDED MARCH 31**

Expressed in Canadian Dollars

*Unaudited*

	2023	2022
<b>Expenses</b>		
Accounting and audit	\$ -	\$ 7,906
Consulting	24,000	-
Depreciation	1,613	2,401
Director fees	-	9,000
Exploration and evaluation <i>(Note 3)</i>	65,894	150,964
Foreign exchange loss	4,778	875
Investor relations and promotions	-	9,825
Legal fees	19,175	2,750
Listing and filing fees	-	6,200
Management fees	15,000	15,000
Office services and supplies	8,436	23,096
Salaries, wages and consulting	37,500	57,494
Share-based compensation <i>(Note 5)</i>	-	464
Shareholder communications	1,230	4,776
Transfer agent fees	1,868	1,613
<b>Loss and comprehensive loss for the period</b>	<b>\$ 179,494</b>	<b>\$ 292,364</b>
<b>Loss per share – basic and diluted</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>
<b>Weighted-average number of shares outstanding – basic and diluted</b>	<b>137,147,613</b>	<b>131,685,511</b>

- the accompanying notes are an integral part of these financial statements -

**CANASIL RESOURCES INC.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THREE MONTHS ENDED MARCH 31**

Expressed in Canadian Dollars

*Unaudited*

<b>CASH RESOURCES PROVIDED BY (USED IN)</b>	<b>2023</b>	<b>2022</b>
<b>Operating activities</b>		
Loss for the period	\$ (179,494)	\$ (292,364)
Items not involving cash		
Depreciation	1,613	2,401
Share-based compensation	-	464
Changes in non-cash working capital		
Receivables	20,912	(2,436)
Prepaid expenses	16,140	11,851
Accounts payable and accrued liabilities	58,814	(1,286)
Due to related parties	52,500	
	<u>(29,515)</u>	<u>(281,370)</u>
<b>Financing activities</b>		
Share capital issued for cash	<u>-</u>	<u>15,000</u>
<b>Change in cash for the period</b>	<b>(29,515)</b>	<b>(266,370)</b>
Cash position - beginning of period	<u>54,272</u>	<u>451,241</u>
<b>Cash position - end of period</b>	<b>\$ 24,757</b>	<b>\$ 184,871</b>

- the accompanying notes are an integral part of these financial statements -

**CANASIL RESOURCES INC.**

**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2023**

Expressed in Canadian Dollars

Unaudited

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Canasil Resources Inc. ("Canasil" or the "Company") is a mineral exploration company incorporated in British Columbia with its registered office located at 1600 - 925 West Georgia Street, Vancouver, British Columbia. The Company is considered to be in the exploration stage with respect to its interests in mineral properties, which are located in Canada and Mexico. Based on the information available to date, the Company has not yet determined whether these properties contain ore reserves. The Company's continuing operation is dependent upon the confirmation of reserves, the ability of the Company to obtain the financing necessary to maintain operations and successfully complete its exploration and development, and the attainment of future profitable production.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. As at March 31, 2023 the Company had a working capital deficiency (current assets less current liabilities) of \$357,422, which it considers to be insufficient to fund its overhead and exploration activities for the ensuing twelve months. Consistent with other junior exploration companies, the Company has no source of operating revenue, is unable to self-finance operations, and has significant cash requirements to meet its overhead and maintain its mineral interests. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern. The Company has incurred operating losses since inception and as at March 31, 2023 had an accumulated deficit of \$33,438,224.

These financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. While the Company has been successful in the past at raising funds, there can be no assurance that it will be able to do so in the future. Additionally, the outbreak of the COVID-19 global pandemic has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible to predict the duration or magnitude of the adverse results of the outbreak and its future effects on the Company's business or ability to raise funds.

**2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION**

**Statement of compliance**

These condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board as applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. These financial statements do not include all of the information and disclosures required by IFRS for annual financial statements. In the opinion of management, all adjustments and information considered necessary for fair presentation have been included in these financial statements.

These condensed interim consolidated financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements including the notes thereto for the year ended December 31, 2022. All financial information presented herein is unaudited. The Company's board of directors approved these financial statements for issue on June 22, 2023.

**CANASIL RESOURCES INC.**

**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2023**

Expressed in Canadian Dollars

Unaudited

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**2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION** - *continued*

**Basis of measurement**

These condensed interim consolidated financial statements have been prepared under the historical cost convention, except for those items classified as fair value through profit and loss or fair value through other comprehensive income, using the accrual basis of accounting, except for cash flow information.

**Principles of consolidation**

These condensed interim consolidated financial statements include the accounts of the Company and its significant wholly-owned subsidiaries, CRD Minerals Corp., Canmine Minerals Inc., Minera Canasil S.A. de C.V., and Minera CRD S.A. de C.V. All significant inter-company transactions, balances, and unrealized foreign exchange translation gains or losses have been eliminated.

**Foreign currency translation**

The presentation currency of the Company and the functional currency of the Company and its subsidiaries is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at rates approximating those in effect at the time of the transactions. Monetary items are translated at the exchange rate in effect at the balance sheet date and non-monetary items are translated at historical exchange rates. Translation gains and losses are reflected in profit or loss for the period.

**3. EXPLORATION AND EVALUATION**

The Company expenses costs relating to the exploration and evaluation of its mineral properties in the period incurred. The Company pays value-added taxes ("IVA") in Mexico and due to uncertainty surrounding the timing and collection of future refunds of IVA, the Company expenses IVA as incurred. Collections of IVA are recorded as recoveries in the period received. A description of the Company's mineral interests follows:

**La Esperanza project, Mexico**

During 2006, the Company entered into an option agreement to earn a 100% interest in certain claims within the La Esperanza project area, subject to a net smelter returns royalty ("NSR") of up to 1%. The claims are located in Zacatecas State, Mexico. The Company acquired a 100% interest in these claims in May 2011 and purchased the NSR in 2016. From 2006 to 2010, the Company also added further claims, by direct staking, to increase the size of the project area.

**Salamandra project, Mexico**

The Salamandra project, located in Durango State, Mexico, was acquired through staking as well as the purchase of a 100% interest in certain claims comprising the central area of the project, which are subject to a 0.5% NSR that can be purchased from the owner for US\$500,000.

**Nora project, Mexico**

The Company holds a 100% interest in the Nora project, located in Durango State, Mexico, which was acquired through staking (*Note 8*).

**CANASIL RESOURCES INC.****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2023**

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**3. EXPLORATION AND EVALUATION** - continued**Sandra-Escobar project, Mexico**

Between 2004 and 2006, the Company acquired, by staking, the Sandra claims located in Durango State, Mexico and in 2012 earned a 40% interest in the contiguous Escobar claims held by Pan American Silver Corp. ("Pan American"). In addition to these claims, the Company also acquired various other claims in the area from third parties, all of which formed the Sandra-Escobar project.

In January 2017, Orex Minerals Inc. earned a 55% interest in the project and in June 2019, the Company sold its interest in the project to Pan American for \$2,000,000 plus a 2% net smelter returns royalty interest ("NSR Royalty Interest") payable on Pan American's share of the project; the NSR Royalty Interest can be reduced to 1% upon payment of \$4,000,000 to the Company.

**Other projects****Mexico**

The Company has staked other claims located in Durango State, Mexico, which include the Colibri, Carina, and Vizcaino projects. The Company holds a 100% interest in these projects.

**Canada**

The Company has staked and holds claims in British Columbia, Canada, which include the Brenda, Lil, Vega, and Granite projects. The Company holds a 100% interest in these projects. In addition, the Company has an option to earn a 100% interest in the Nalt project in British Columbia by incurring exploration expenditures of \$50,000 in the first year (incurred), \$200,000 in the second year, and by paying the owner \$250,000 and issuing 2,000,000 shares of the Company by November 5, 2024. The property is subject to a 2% NSR, 0.5% (one-quarter) of which can be purchased by the Company for \$2,000,000.

**Expenditures**

Expenditures for the periods ended March 31 and cumulative expenditures to March 31, 2023 are as follows:

	Expenditures 2023	Expenditures 2022	Cumulative 2023
Brenda, Canada	\$ -	\$ -	\$ 2,427,311
- Expenditure recoveries	-	-	(235,115)
Vega, Canada	-	681	553,529
- Expenditure recoveries	-	-	(99,260)
Other, Canada	1,347	-	224,940
- Expenditure recoveries	-	-	(22,776)
La Esperanza, Mexico	30,516	62,154	4,754,762
- Expenditure recoveries	-	-	(262,373)
- Option payments received	-	-	(300,000)
Salamandra, Mexico	5,128	11,885	6,444,285
- Expenditure recoveries	-	-	(223,652)
- Option payments received	-	-	(553,989)
Nora, Mexico	19,530	54,498	1,805,083
Sandra-Escobar, Mexico	-	-	2,020,973
- Expenditure recoveries	-	-	(177,486)
- Option payments received	-	-	(500,000)
Other, Mexico	7,324	18,031	3,291,629
- Expenditure recoveries	-	-	(131,346)
- Option payments received	-	-	(133,471)
IVA paid, net of recoveries	2,049	3,715	135,534
	\$ 65,894	\$ 150,964	\$ 19,018,578

**CANASIL RESOURCES INC.****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2023**

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**3. EXPLORATION AND EVALUATION** - *continued***Expenditures** - *continued*

Expenditures for the periods ending March 31, by activity, are as follows:

	2023	2022
Administration	\$ 62,498	\$ 47,658
Assays	-	8,514
Field costs	-	1,658
Geological	1,347	18,987
Land holding costs	-	66,901
Mapping and surveying	-	3,146
Transportation and rentals	-	385
IVA paid, net of recoveries	2,049	3,715
	<u>\$ 65,894</u>	<u>\$ 150,964</u>

**Mineral title**

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

**4. SHARE CAPITAL**

The Company's authorized share capital consists of an unlimited number of voting common shares without par value.

In October 2022, the Company completed a non-brokered private placement by issuing 5,350,991 units at a price of \$0.055 per unit for proceeds of \$294,305. Each unit consisted of one common share of the Company and one three-year share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.08 for three years following the closing of the offering. The Company paid \$2,222 in legal and filing fees in respect of the placement.

The unit price of this offering exceeded the trading price of the shares on the date of issuance, therefore, \$26,755 of the unit proceeds, being the estimated residual value, has been assigned to the warrants and classified as contributed surplus.

**CANASIL RESOURCES INC.****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2023**

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**5. STOCK OPTIONS AND WARRANTS**

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants		Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, December 31, 2021	14,276,250	\$ 0.19	10,590,000	\$ 0.13
Expired	(8,026,250)	\$ 0.21	(2,115,000)	\$ 0.19
Issued	5,350,991	\$ 0.08	-	\$ -
Exercised	(125,000)	\$ 0.12	-	\$ -
Outstanding, December 31, 2022 and March 31, 2023	11,475,991	\$ 0.14	8,475,000	\$ 0.11
Exercisable, March 31, 2023	11,475,991	\$ 0.14	8,475,000	\$ 0.11

At March 31, 2023, the Company had outstanding stock options and warrants enabling holders to acquire common shares as follows:

	Number of Shares	Exercise Price	Expiry
Options	1,725,000	\$ 0.08	May 2025
	250,000	\$ 0.11	November 2025
	4,600,000	\$ 0.11	December 2025
	1,900,000	\$ 0.15	May 2026
	8,475,000		
Warrants	3,950,000	\$ 0.20	May 2023 <i>(i)</i>
	2,175,000	\$ 0.25	November 2023 <i>(ii)</i>
	5,350,991	\$ 0.08	October 2025
	11,475,991		

*(i)* Exercise price increased from \$0.15 per share to \$0.20 per share in May 2022. These warrants expired on May 16, 2023.

*(ii)* Exercise price increased from \$0.20 per share to \$0.25 per share in November 2022.

At March 31, 2023, the weighted-average remaining life for the outstanding stock options was 2.70 years and 1.37 years for the outstanding warrants.

**CANASIL RESOURCES INC.****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2023**

Expressed in Canadian Dollars

Unaudited

**5. STOCK OPTIONS AND WARRANTS - continued****Share-based compensation**

The Company has recorded share-based compensation as follows:

	2023	2022
Number of options vested in period	-	50,000
Compensation recognized in period	\$ -	\$ 464

**6. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION**

The Company had transactions with related persons or corporations, which were undertaken in the normal course of operations. Key management includes officers and non-executive directors. The compensation paid or payable to key management for the periods ended March 31 is as follows:

	2023	2022
Salaries	\$ 37,500	\$ 56,250
Management fees	15,000	15,000
Director fees	-	9,000
	\$ 52,500	\$ 80,250

As at March 31, 2023, amounts due to related parties includes \$112,500 due to the chief executive officer and \$50,000 due to the chief financial officer for services rendered during 2022 and 2023 (December 31, 2022 - \$75,000 and \$35,000, respectively).

**7. SEGMENTED INFORMATION**

The Company currently operates in only one operating segment, that being the mineral exploration industry. The Company operates in the following geographical locations:

March 31, 2023	Canada	Mexico	Total
Property and equipment	\$ 561	\$ 50,805	\$ 51,366
December 31, 2022	Canada	Mexico	Total
Property and equipment	\$ 628	\$ 52,351	\$ 52,979

**CANASIL RESOURCES INC.**

**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2023**

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Unaudited

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**8. SUBSEQUENT EVENTS**

In April 2023, the Company signed an option agreement with Silver Dollar Resources Inc. ("Silver Dollar") granting Silver Dollar the option to earn a 100% interest in the Company's Nora project by making payments to the Company of \$375,000 and incurring exploration expenditures on the property of \$3,000,000 over five years. Should Silver Dollar earn its interest, the Company would retain a 3% NSR of which 1% (one-third) could be purchased by Silver Dollar for \$3,000,000.

Concurrent with signing the Nora option agreement, the Company signed an exclusivity agreement with Silver Dollar that provided Silver Dollar with a period of two months to conduct due diligence on the assets of the Company and consider a corporate merger. Silver Dollar terminated the exclusivity period on June 12, 2023. The agreement provided the Company with a \$200,000 non-interest-bearing loan that is repayable in cash or units of the Company, at the Company's option, on August 11, 2023, being 60 days after the termination of the exclusivity period. Each unit will consist of one common share and one share purchase warrant entitling Silver Dollar to purchase one additional common share for up to two years.